

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CONSUMERS WATER)	
DISTRICT, OF GRAVES COUNTY, KENTUCKY,)	
FOR A CERTIFICATE OF CONVENIENCE AND)	
NECESSITY, AUTHORIZING SAID DISTRICT)	CASE NO.
TO EXTEND A WATER MAIN IN ORDER TO)	97-223
PURCHASE WATER FROM MAYFIELD ELECTRIC)	
AND WATER SYSTEM AND SEEKING APPROVAL)	
OF A RATE INCREASE)	

O R D E R

On April 21, 1997, the Consumers Water District ("Consumers") submitted its application for a Certificate of Public Convenience and Necessity ("Certificate") to construct a \$136,000 water main and booster station to purchase water from the Mayfield Electric and Water Systems ("Mayfield"), for approval of the proposed plan of financing, and for an increase in water rates. However, due to filing deficiencies, Consumers' application was not considered filed until May 22, 1997.

The Commission entered an Interim Order on August 1, 1997, granting Consumers a Certificate to construct the proposed water main and booster station and approving Consumers' proposed plan of financing. This Order will address the rates necessary for Consumers to recover its reasonable operating costs, service its debt, and provide a reasonable surplus for equity growth.

Consumers' proposed rates would produce additional annual water revenues of \$90,000, an increase of 46.6 percent over Commission Staff's ("Staff's") normalized test period water revenues of \$195,313. Staff conducted a limited review of Consumers' test-

period financial records and issued its report on November 7, 1997, which recommended the Commission grant Consumers an increase in annual water revenue of \$74,760, an increase of 39.3 percent.

In its November 7, 1997 Order, the Commission requested that all parties submit written comments on the Staff Report within 10 days from the date of the Order or 90 days from the date the application was filed, whichever is later. Consumers submitted its acceptance of the Staff Report recommendations on December 9, 1997.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are adopted as the Commission's findings and incorporated by reference as if fully set out herein.

2. The rates in Appendix A will produce gross annual water revenue of \$270,073 and are the fair, just, and reasonable rates for Consumers. These rates will allow Consumers sufficient revenues to meet its operating expenses and provide for future equity growth, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

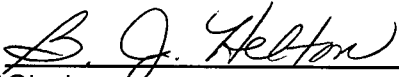
1. The rates proposed by Consumers will produce an increase in annual water revenues above the level deemed reasonable herein and therefore are denied.

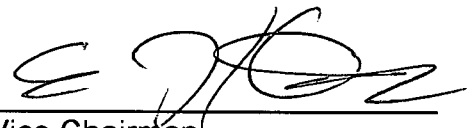
2. The rates contained in Appendix A are approved for service rendered by Consumers on and after the date of this Order.

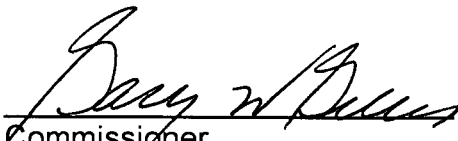
3. Within 30 days of the date of this Order, Consumers shall file with the Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of January, 1998,

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-223 DATED January 22, 1998.

The following rates and charges are prescribed for the customers in the area served by Consumers Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

MONTHLY RATES:

5/8" Meter

First	2,000 gallons	\$ 8.80 Minimum Bill
Next	8,000 gallons	2.16 per 1,000 gallons
Next	10,000 gallons	2.00 per 1,000 gallons
Next	30,000 gallons	1.85 per 1,000 gallons
Over	50,000 gallons	1.55 per 1,000 gallons

1" Meter

First	10,000 gallons	26.16 Minimum Bill
Next	10,000 gallons	2.00 per 1,000 gallons
Next	30,000 gallons	1.85 per 1,000 gallons
Over	50,000 gallons	1.55 per 1,000 gallons

2" Meter

First	20,000 gallons	46.08 Minimum Bill
Next	30,000 gallons	1.85 per 1,000 gallons
Over	50,000 gallons	1.55 per 1,000 gallons